2.1 INTRODUCTION

This chapter presents the project objectives as well as the need for the project. Need in California has been rapidly changing as demand has increased and supply from out-of-state sources has been threatened. The need for this project is also defined by the local demands of the SCPPA Participating Members, and the Participating Members' charge to provide reliable service to the residents of their respective cities.

The evaluation of conformance with need has evolved steadily over recent years as California has moved to restructure electricity markets and redefine the roles of producers, purchasers, and consumers of power. In the past, the siting applicant submitted, as a component of its Application for Certification, a statement of need showing that its proposed project conformed in the past with the most recently adopted Electricity Report, which was to contain an economic analysis and integrated assessment of need for new resource additions. The Electricity Report and Integrated Assessment of Need (IAN) provided the means of implementing statewide planning of new generation facilities.

More recently, electricity deregulation has complicated state involvement in resource planning and ensuring electricity reliability. Assembly Bill 1890 (AB-1890) and Senate Bill 110 (SB-110) effectuated this change. Recently, AB-970 created a set of expedited processes designed to counter the planning and generation gap that arose from the AB-1890 and SB-110 confusion. The MPP is responsive to the urgent and critical need for reliable electricity.

2.2 PROJECT OBJECTIVES

The Participating Members of SCPPA have an obligation to serve the users of electric power within their respective service territories and are committed to continuing to provide their customers with electric power at a reasonable cost and in a reliable and environmentally acceptable manner. The objectives of the MPP to meet these commitments include the following:

- Locate the project close to the load center of the Participating Members to utilize the existing transmission system, to increase local reliability, and to reduce transmission congestion.

- Select a generating unit that is highly efficient to maintain reasonable cost of generation.
- Select equipment that utilizes tested and reliable technology to assure reliable generation.
- Utilize Best Available Control Technology (BACT) to minimize air pollution emissions.
- Locate the project at a site currently used for generation to minimize the need for new infrastructure improvements such as water and fuel supply and transmission facilities.
- Assure that the interests of the local citizens are addressed.

2.2.1 Means by Which the MPP Minimizes Impacts and Maximizes Benefits to the Environment

The MPP has the following benefits or high-efficiency characteristics:

- The MPP utilizes an existing power plant site by adding a new unit.
- The MPP utilizes new, state-of-the-art, higher efficiency combined-cycle technology.
- The MPP uses existing offsite transmission facilities.
- The MPP uses existing natural gas supply pipelines.
- The MPP uses an existing reclaimed water-cooling system to meet stringent Clean Water Act requirements.

2.3 NEED FOR PROJECT

The aggregate peak load demand in 1999 of the Participating Members was approximately 1,540 MW and they experienced an aggregate average annual growth rate of approximately 2.9 percent over the previous five-year period. At this rate, an anticipated peak demand of approximately 1,780 MW by 2004 could be projected. They currently meet their load requirements by a combination of locally owned generation, remote jointly owned generation, long-term contracts (some of which will expire within the next five years), and short-term purchases. Based only on the historical growth, the need for new capacity by 2004 is 240 MW. This Project will only allow the Participating Members to meet new demand but not make up for some expiring long term contracts or reduce reliance on short-term purchases.